



Office of the People's Counsel District of Columbia

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Elizabeth A. Noël
People's Counsel

December 19, 1996

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Suite 222
Washington, D.C. 20554

RECEIVED
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Federal Communications Commission
Office of Secretary

Re: CC Docket No. 96-45

Dear Mr. Caton:

Enclosed for filing in the above-referenced docket, please find an original and four (4) copies of the "Comments of the Office of the People's Counsel for the District of Columbia on the Recommended Decision of the Federal-State Joint Board."

Please contact the undersigned if there are any question or comments.

Respectfully submitted,

Sandra Mattavous-Frye
Associate People's Counsel

Enclosure

cc: Common Carrier Bureau (2 copies)

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**BEFORE THE FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of:

Federal-State Joint Board on
Universal Service

CC Docket No. 96-45

**COMMENTS OF THE OFFICE OF THE PEOPLE'S COUNSEL
FOR THE DISTRICT OF COLUMBIA ON THE RECOMMENDED
DECISION OF THE FEDERAL-STATE JOINT BOARD**

The Federal-State Joint Board adopted a Recommended Decision on universal service issues on November 7, 1996. In a subsequent Public Notice, the FCC requested comment on the recommended decision. The Office of the People's Counsel for the District of Columbia (OPC-DC), pursuant to its statutory to advocate for telephone consumers and ratepayers in the District of Columbia,¹ submits the following comments.

I. The Modifications to the Lifeline Program Recommended by the Joint Board Benefit Consumers and Should be Adopted

In its Recommended Decision, the Joint Board advanced a number of proposals to ensure that low income consumers have the same full access to telecommunications services available to other consumers. Specifically, the Joint Board recommended that the Lifeline program be modified so that consumers in all states are eligible for a base \$5.25 federal contribution, regardless of whether a state elects to "match" the federal contribution. In addition, the Joint Board recommended that toll control services be made available to all consumers without charge; that carriers be prohibited from disconnecting the service of Lifeline customers for non-payment of toll charges; and that security deposits be waived for consumers who subscribe to toll blocking service. OPC-DC strongly supports

¹ See D.C. Code Ann. § 43-406 (1981).

the direction taken by the Joint Board in addressing low income subscribership issues. The Joint Board properly understood that universal service becomes meaningless if access to the telephone network for low income households is not a priority.

A. Lifeline Program Modification

The Joint Board was confronted with a vexing task as it attempted to find the appropriate mechanism to expand the Lifeline program to all states and territories while maintaining the incentive for states to contribute funds. OPC-DC submits that the Joint Board's recommendations regarding modifications to the Lifeline program are reasonable and appropriate and effectively balance these goals. The \$5.25 base federal contribution, without a state matching requirement, ensures that Lifeline is expanded to all states and territories, but, as importantly, ensures that the level of support is set at a realistic level. Federal support at the \$3.50 level, in the absence of any state contribution, would offer only minimal assistance to low income consumers. The recommended level of \$5.25 is more appropriate level of contribution.

A substantial base level of federal support is increasingly important. States that do not participate in the Lifeline program today, would not have an increased incentive to participate in the future when the matching requirement is lifted. Moreover, because state matching can no longer be accomplished through rate design, states may elect to limit their participation rather than develop an explicit contribution mechanism. Regardless of whether a state decides to participate in Lifeline, telephone consumers should be able to receive a meaningful federal contribution. The \$5.25 level recommended is such a contribution.

OPC-DC submits that it extremely difficult to precisely quantify the optimal level of federal or state contribution. In modifying the Lifeline program, it is important to assess the goals of the

program. While increasing subscribership among low income households should be a principal goal of the Lifeline program, Lifeline should also attempt to ensure that rates are "affordable" to low income consumers. As the Joint Board properly recognized, "affordability" has both a relative and absolute component, and that subscribership should not be the exclusive criterion to evaluate affordability. Lifeline works not only when it adds a new subscriber to the telephone network, but also when it transforms an "unaffordable" rate to an "affordable" rate for a low income consumer already subscribing to service.

OPC-DC also supports the matching mechanism recommended by the Joint Board, i.e., every state dollar will be matched by a federal 50 cents, up to a total federal contribution of \$7.00. OPC-DC submits that it is essential for states to maintain a significant role in supporting low income telephone subscribers. The Joint Board Recommended Decision does not preclude, in any way, state Lifeline program involvement. The matching beyond the initial \$5.25 federal contribution provides a reasonable incentive for state participation in the program.

B. Toll Limitation Services and Security Deposits

The Joint Board properly recognized other non-rate factor affect subscribership for low income households. OPC-DC agrees with the Joint Board recommendation regarding making toll blocking and toll limitation services available at no charge to low income consumers. Providing adequate tools for households to control toll charges is in the public interest and will have the effect of maintaining or increasing subscribership. Through the use of toll blocking and limitation services, uncollectible accounts will be reduced, thereby benefitting both the consumer and the service provider.

OPC-DC also supports the Joint Board recommendation that a security deposit may not be

collected by a local exchange carrier from a customer subscribing to toll blocking service. If a consumer elects toll blocking service, the risk for a carrier that the consumer's account will become uncollectible is significantly reduced. Therefore, OPC-DC supports prohibiting a carrier to demand a security deposit for a toll blocking subscriber.

C. Disconnection of Local Service for Nonpayment of Toll

The Joint Board also recommended the adoption of a rule prohibiting carriers from disconnecting local service for a customer's failure to pay toll charges.² OPC-DC strongly supports this recommendation. OPC-DC submits that permitting local service providers to disconnect for nonpayment of toll charges has a negative impact on subscribership. Moreover, there is no sound policy rationale that would allow for the disconnection of all telecommunications services by the local exchange carrier merely because a consumer has an arrearage with a completely separate (toll) company. OPC-DC also urges the FCC to emphasize that any exception that would allow disconnection for nonpayment of toll charges be construed narrowly.

OPC-DC submits, however, that the FCC should go further and adopt a policy prohibiting disconnection for nonpayment of toll for all customers, not merely low income consumers. OPC-DC believes that permitting disconnection of local service for nonpayment of toll charges is inappropriate regardless of the income level of the consumer affected. The practice frustrates the Telecommunications Act of 1996's specific mandate to provide access to telecommunications to all consumers. Therefore, OPC-DC urges the FCC to go beyond the Joint Board recommendation and adopt a rule prohibiting local exchange carriers from disconnecting **any** customer's local service for nonpayment of toll charges.

² Recommended Decision ¶ 387.

II. A Reduction in the Subscriber Line Charge is Appropriate

In its Recommended Decision, the Joint Board stated that if the FCC ultimately recommends a rule assessing a carriers' universal service contribution based on both inter- and intrastate revenues, the Joint Board recommends that the Subscriber Line Charge (SLC) cap (presently \$3.50) should be reduced.³ OPC-DC strongly agrees with the conclusion that the SLC cap should be decreased. OPC-DC rationale for this position is reflected in the Comments of the National Association of State Consumer Utility Advocates on the Recommended Decision of the Federal-State Joint Board. OPC-DC, however, recommends that a reduction in the SLC occur irrespective of the FCC's decision on the assessment base for universal service.⁴

³ Recommended Decision ¶ 772.

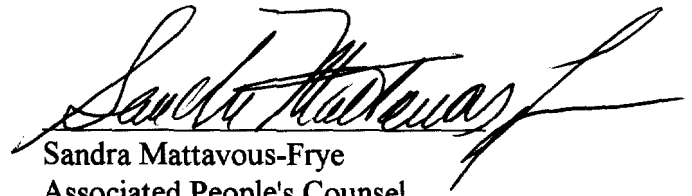
⁴ OPC-DC is still examining the impact of assessing interstate and intrastate versus only interstate revenues for universal service contributions. OPC-DC is taking no position on that issue at this time.

III. Conclusion

OPC-DC submits that the FCC should adopt the Joint Board recommendations, with the modifications noted above.

Respectfully submitted,

Elizabeth A. Noel, Esq.
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A handwritten signature in black ink, appearing to read "Sandra Mattavous-Fry", written over a horizontal line.

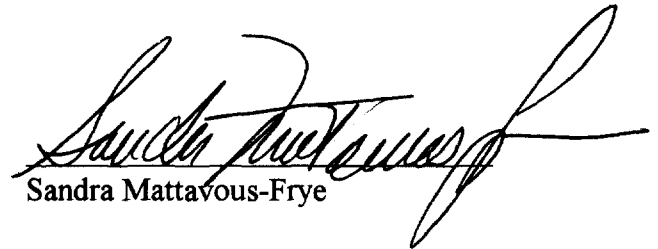
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Dated: December 19, 1996

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 19th day of December 1996, a copy of the Comments of the Office of the People's Counsel for the District of Columbia were served on the attached service list by first class mail, postage prepaid.



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